



COUNTY OF LOS ANGELES

CHIEF INFORMATION OFFICE


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April 11, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Don Knabe, Chair Pro Tem
Supervisor Gloria Molina
Supervisor Zev Yaroslavy
Supervisor Michael D. Antonovich

From: Jon W. Fullinwider 
Chief Information Officer

Subject: **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
(HIPAA) TASK FORCE – STATUS AS OF APRIL 11, 2003**

COUNTYWIDE HIPAA COMPLIANCE STATUS

GREEN - MINOR RISK OF
NON-COMPLIANCE

During the Board meeting of June 19, 2001, the Board directed the Chief Administrative Officer (CAO) and the Chief Information Officer (CIO) to report quarterly on the County's efforts and progress in becoming compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). While we will continue to provide quarterly reports, a key date related to Privacy compliance is rapidly approaching. HIPAA Privacy Rules will become effective on April 14, 2003. In light of this key milestone and the large commitment required by the affected departments to ensure compliance, we will provide the Board with bi-weekly updates on the progress being made to comply with this requirement. A secondary part of the status report will focus on the County's continuing efforts to become compliant with the electronic exchange of information under the Transactions and Code Sets provisions of HIPAA. In this context, the County must begin testing by April 16, 2003, with the intent of being fully compliant by October 16, 2003. This will be the last bi-weekly report and we will revert back to the normal quarterly report beginning on April 18, 2003.

With only three (3) days left prior to the effective date of the Privacy Rules, the County has made significant progress in the areas of HIPAA Privacy and Transactions and Code Sets. The overall status of the County's effort to achieve HIPAA compliance by the established dates has been upgraded from "YELLOW" to "GREEN". Notable accomplishments have been achieved throughout the various areas and the overall rate of execution remains very good. While the County has not met the HIPAA mandate for training 100% of its workforce, it has met what should be viewed as "significant compliance" in this area. The departments are taking an active role in identifying those workforce members who failed to participate in the training. Each department will provide an additional opportunity for these individuals to complete their training within a reasonable time. Furthermore, each covered department is preparing notices to their workforce stating that those individuals who have failed to complete training by April 14th, will be subject to the appropriate actions.

DHS has submitted documentation reflecting that they have trained an excess of 20,500 active staff (85%), reaching its goal of training at least 85% of its workforce.

The Department of Mental Health (DMH), through its ongoing instructor-led training program, continues to make progress with 92% of their workforce having completed privacy training.

Probation's Kirby Center (Kirby) training continues to show significant progress. To date, they are 91% complete.

DHS' Office of Managed Care (OMC) administers the Community Health Plan (CHP), a federally licensed health plan subject to the HIPAA Privacy Rules. OMC mailed the English version of its Notice of Privacy Practices to approximately 160,000 health plan members on April 8, 2003. They expect to begin mailing the optional Spanish version by April 14th.

DHS and DMH have completed all of their major privacy documents. Additionally, both departments have also completed the optional Spanish translation of their Privacy Notice.

As mandated by HIPAA, DHS and DMH are required to submit contracts and purchase order amendments to identified business associates before April 14th. To date, DMH has submitted all of its 245 required amendments. DHS has submitted 127 of its 139 contract amendments and plans to submit the remaining 12 amendments before April 14, 2003.

On March 25, 2003, the Board approved the Interdepartmental MOU Board Letter with the associated MOU form and dispute resolution process. The covered departments and the MOU departments (CAO, Internal Services Department [ISD], County Counsel [Counsel], Auditor-Controller [A-C] and Treasurer-Tax Collector [TTC]) have finalized the specific operational details for each of the MOUs. All required MOUs have been signed and will be effective as of April 14, 2003.

On March 9, 2003, DMH conducted its initial testing with one of its external trading partners. On April 1, 2003, the Board approved DHS' request for a contract amendment authorizing DHS' Alcohol and Drug Division to use Health Management Systems, Inc. (HMS), the same clearinghouse as Public Health, to support their TCS requirements. DHS expects to begin HIPAA TCS testing for Public Health and Alcohol and Drug Divisions on or before April 16, 2003.

On April 4, 2003, a broad cross section of representatives from Los Angeles County met with representatives from the State of California Office of HIPAA Implementation (CalOHI). The meeting confirmed information recently presented on the State Medi-Cal web site indicating that some of the State programs that are legally required to use HIPAA transactions and codes, will not meet the October 16, 2003 implementation deadline. The County is working with the State to understand the impact of the delays and take appropriate action to protect the County's revenue and to avoid federal penalties and sanctions. Additional details will be provided in the next quarterly HIPAA Status Report.

ACCOMPLISHMENTS

1. DHS has met their goal of training more than 20,500 employees (85%) and are updating their records in the Learning Management System (LMS);
2. DMH and DHS have completed all of their major privacy documents;
3. OMC has submitted its Health Plans' Notice of Privacy Practices to its 160,000 members;
4. DMH has submitted all of its 245 Business Associate amendments;
5. DHS has submitted all but 12 of its 139 Business Associate amendments; and
6. All Interdepartmental MOUs have been executed.

ISSUES REQUIRING MANAGEMENT ATTENTION

None to report.

IMPACT OF NON-COMPLIANCE

In the event the County fails to meet HIPAA compliance directives, there can be monetary and criminal penalties imposed. The maximum penalties include up to \$250,000 in fines or up to 10 years imprisonment. Additionally, the County may be held liable for breaches of privacy and resulting lawsuits. The related publicity would embarrass the County and damage its public image in regards to our management of healthcare information. After October 16, 2003, any department that cannot generate HIPAA compliant electronic transactions will either have to submit paper-based transactions or delay the submission of the transaction until they are in compliance. The County could revert back to paper-based Medi-Cal claim submission, however, the State's limited ability to process the huge volumes of claims would have a significant impact on DHS' and DMH's cash flow. This would further burden the County's already stressed healthcare organizations.

The attached color-coded chart identifies the metrics for monitoring DHS, DMH and the Dorothy Kirby Center's progress in achieving compliance with the HIPAA rules. A "RED" status indicates the project or task is significantly behind with a high potential of not meeting compliance dates. A "YELLOW" status indicates that the project or task is behind schedule, however, it has not yet reached the point of being classified as "RED" and there is a credible effort to ensure the project or task is completed within the specified timeframe. A "GREEN" status indicates that the project or task is on schedule with a high degree of confidence that it will be completed within the specified timeframe.

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If you have questions or require additional information, please contact me at (213) 974-2008.

JWF:GD:ygd

Attachments

c: Chief Administrative Officer
 Director, Department of Mental Health
 Director, Department of Health Services
 Chief Probation Officer
 County Counsel
 Internal Services Department
 Auditor-Controller
 Treasurer and Tax Collector
 Chair, Information Systems Commission
 Employee Relations, Chief Administrative Office

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY (HIPAA)

Privacy Rules (Compliance Date April 14, 2003)				
	Department of Health Services	Department of Mental Health	Probation – Kirby Center	Overall County Status
Privacy Training	Total to be Trained: 25,500 Inactive Trainees: 1,409 Trained to Date: 18,166 reflected in tracking system DHS Trained Based on Formal Documentation: 20,500+ Change Since Last Report: 2,000+ Number still requiring training: 3,591	Total to be Trained: 2,835 Inactive Trainees: 57 Trained to Date: 2517 Change Since Last Report: 635 Number still requiring training: 208	Total to be Trained: 158 Inactive Trainees: 14 Trained to Date: 130 Change Since Last Report: 15 Number still requiring training: 14	Total to be Trained: 28,493 Inactive Trainees: 1,480 Trained to Date: 20,767* Change Since Last Report: 2,650 Number still requiring training: 3,813
Comments	1. The statistics referenced above indicate each department’s documented status in completing required HIPAA training and updating the learning management system (LMS) with completed course information. 2. “Inactive Trainees” are staff who are on long-term absences and are not available to participate in the training. They will be required to complete their training upon their return. 3. These activities will continue to be coded as “Yellow” until all workforce members are trained. * Overall Trained to Date includes the number of staff who completed training, not only those indicated in the LMS.			
	1. DHS has trained an excess of 20,500 staff (85%). DHS is actively transferring the completed training information into the online tracking system. 2. DHS is still verifying their medical students and volunteers to ensure that they are all trained and added to the automated LMS for tracking purposes.	1. DMH has completed over 92% of its required training. 2. DMH has submitted completions for 53 staff that are not yet reflected in the LMS.	1. Kirby has completed over 91% of its required training.	
Publication of Privacy Policies, Procedures and Forms	No. of Documents Required: 46 No. of Documents Finalized: 46 Change Since Last Report: 11	No. of Documents Required: 41 No. of Documents Finalized: 41 Change Since Last Report: 1		No. of Documents Required: 87 No. of Documents Finalized: 87 Change Since Last Report: 12
Comments	1. The CIPO, in concert with the Departmental Privacy Officers, has developed Privacy Policies and Procedures to comply with HIPAA Privacy rules. These policies and procedures will be adopted and distributed within the affected departments no later than April 14, 2003.			
	1. DMH has completed all of its major privacy documents. 2. The Office of Managed Care’s Community Health Plan has mailed its Notice of Privacy Practices (English only) to its 160,000 members on April 8, 2003. The optional Spanish version will be mailed on April 14, 2003.	3. DMH has completed all of its major privacy documents.		

Privacy Rules (Compliance Date April 14, 2003)				
	Department of Health Services	Department of Mental Health	Probation – Kirby Center	Overall County Status
Business Associate Amendments	No. of Amendments Required: 139 No. of Amendments Submitted: 127 Target Completion: April 11, 2003 (*) This is a combined contract and purchase order count.	No. of Amendments Required: 245* No. of Amendments Submitted: 245 Target Completion: April 11, 2003 (*) This is a combined contract and purchase order count.	No. of Amendments Required: NA* No. of Amendments Submitted: NA Target Completion: April 11, 2003 (*) All Business Associate Amendments are included in the DMH count.	No. of Amendments Required: 539 No. of Amendments Submitted: 327 Target Completion: April 11,2003
	1. DHS has submitted all but 12 of its Business Associate Agreements. DHS states the remaining 12 will be submitted before April 14 th .	1. DMH has submitted all of its Business Associate Agreements.		
Interdepartmental MOUs	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: April 4, 2003	No. of MOUs Required: 5 No. of MOUs Executed: 0 Target Completion: April 4, 2003	No. of MOUs Required: 4 No. of MOUs Executed: 0 Target Completion: April 4, 2003	No. of MOUs Required: 14 No. of MOUs Executed: 0 Target Completion: April 4, 2003
Comments	On the March 25, 2003, the Board approved the Board Letter for the Interdepartmental MOU form and the associated Administrative Dispute Resolution Process.			
	1. DHS has executed all five (5) MOUs.	1. DMH has executed all five (5) MOUs.	1. Kirby only requires and has executed their 4 MOUs. Kirby does not disclose PHI with the Treasurer and Tax Collector.	

Transactions and Code Sets (TCS) Rules (Test Date: April 16, 2003)									
	Department of Health Services					Department of Mental Health	Probation – Kirby Center	Overall County Status	
System Modifications/ Version Upgrades	Hospitals/Clinics Public Health Cal. Children’s Services Alcohol and Drug OMC/CHP	Upgrade				System Development & Implementation	(Dependent on DMH Integrated System)	Overall County compliance is dependent on a variety of compliance strategies.	
		Outsourcing							
		Paper							
		Outsourcing							
		Modification/Outsourcing							
Comments	DHS’ hospitals and clinics are using a commercial Hospital Information System (HIS) by QuadraMed, Inc. Their M1 version upgrade includes all the required updates to capture required data.					DMH has a contractor developing an Integrated System, which will allow the department to achieve HIPAA TCS compliance. DMH notes that there are various factors that have impacted their overall project plan, but they continue to work though the issues.	The Kirby Center’s compliance is dependent on the DMH project. DMH processes all Kirby transactions.	Those organizations that are modifying systems or contracting out the function to achieve TCS compliance must maintain very tight timelines to achieve this goal.	
	DHS’ Public Health Clinics will be using their current clearinghouse partner, HMS, to process their covered transactions. DHS expects to be testing on or before April 16, 2003, through HMS.								
	California Children’s Services (CSS) will continue to be transacted via paper.								
	Alcohol and Drug (A&D) prepared a contract amendment to use HMS, the same clearinghouse of Public Health, to support their TCS requirements. The Board approved the HMS amendment to include ADPA Medi-Cal Drug Treatment claim processing service on April 1, 2003, and ADPA immediately began sending test data to HMS. DHS expects to be testing on or before April 16, 2003, through HMS.								
	The Office of Managed Care (OMC) has begun executing their backup plan for implementing their TCS requirements. On March 25, they began testing with their two trading partners.								
Transaction Testing Begun?	Hospitals/Clinics	Public Health	CSS	A&D	OMC/CHP	YES		All systems have not started testing.	
	YES	NO	NA	NO	YES				
Comments	1. HIPAA TCS Rules require each provider to begin testing of their covered transactions by April 16, 2003. The State of California is their largest “trading partner” (payer).								